

To: Members of the Banking Committee

From: Lisa Biagiarelli, CCMC, Esq., Tax Collector, City of Norwalk

Date: March 8, 2016

Re: Opposition to Raised Bill #408 – “An Act Concerning The Protection of Delinquent Homeowners”

I offer this testimony on behalf of the Connecticut Tax Collectors’ Association, Inc., and its members. I am a municipal tax collector and attorney with more than 33 years experience collecting taxes in three different Connecticut municipalities.

In spite of the benevolent intent of the title of this Act, this proposal does not serve its intended purpose and creates problems of a magnitude far greater than those it tries to solve.

We all can sympathize with taxpayers who are having a hard time paying their property taxes. There are numerous initiatives both state and locally funded to assist taxpayers who are struggling, including various credits and exemptions for elderly and disabled homeowners and renters, and for veterans, blind persons, and emergency service volunteers. However the best form of tax ‘relief’ remains a high current tax collection rate brought about by efficient, persistent, and uniform collection enforcement practices. Uncollected property taxes produce higher mill rates. Every municipal budget contains an ‘allowance for uncollected taxes’ that results in a slightly higher mill rate, to compensate for the taxes that remain uncollected during that fiscal year. Even when delinquent taxes are ultimately paid, the on time taxpayers who paid more than their ‘fair share’ in the form of a higher mill rate do not receive the benefit of a ‘refund’ for what they technically ‘overpaid’ in the interim.

The most equitable, as well as the most efficient and effective, approach to interest is, and has always been, uniformity . Pay on time, pay no interest. Pay late, and a simple and uniform interest rate – in Connecticut, 1.5% per month - is added until you are paid in full. Identical in every municipality, for every type of tax, every taxpayer, and every situation. This proposal arbitrarily lowers the interest rate to 12% annually once a municipality begins a foreclosure action on a residential property, and stops the accrual of interest once the municipality assigns a tax lien to a third party. This proposal will cause the town to lose interest revenue. This will force the municipality to compensate – as with uncollected taxes – by putting an additional tax burden on the on time taxpayer. This is not sound public policy.

Additionally, by eliminating the accrual of interest once a lien has been assigned to a third party, this proposal basically eviscerates the statute authorizing assignment of tax liens. There will be no incentive for a buyer to purchase a lien without the accrual of interest. If the General Assembly no longer wishes to allow municipalities to have the authority to assign liens, it would be simpler and better to simply repeal CGS 12-195(h.) However, this method of collection enforcement is widely used by many municipalities as an alternative to foreclosures or tax sales. Municipalities are charged with raising the revenue necessary to provide the public services that residents demand and have come to rely on, such as public education, public safety, public works, roads, sewers, libraries, senior services, etc. The cities of Hartford, Bridgeport, West Haven, Danbury, East Hartford, and Cheshire, to name just a few, rely on

this method of collection enforcement to raise needed revenue. The General Assembly has in the recent past added more strict notice requirements to the lien assignment process, and CGS 12-195(h) requires the approval of the local legislative body in order to affect the assignment. These provisions are safeguards to ensure that the public interest is being protected, and that affected taxpayers receive proper notice.

There should be one rate of interest on delinquent taxes, uniformly applied, and CGS 12-195(h) should remain in its present form. This proposal does not do what its intended purpose promises.

Thank you for taking the time to consider my views.